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University of Montana–Missoula. Office of University Relations, "UM researcher forecasts continued economic recovery" (1990). *University of Montana News Releases, 1928, 1956-present*. 12037.
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July 23, 1990

UM RESEARCHER FORECASTS CONTINUED ECONOMIC RECOVERY

MISSOULA --

Montana's modest economic recovery is entering its third year this summer, according to University of Montana economist Paul Polzin.

Polzin, director of the UM Bureau of Business and Economic Research, projected continuing recovery as part of the Economics Montana forecasting program, co-sponsored by the bureau and US West.

"We first saw the turnaround in about mid-1988," Polzin said. "Since then, the economic growth has been slow and sporadic, but it was growth nevertheless."

Montana's overall economic activity, as measured by non-farm labor income, will increase about 1.1 percent during 1990, Polzin projected. In contrast, the U.S. economy is projected to grow about 2.4 percent, he said.

"We have labeled it the 'fragile recovery' because it is not widespread and robust," Polzin said. Most of Montana's basic industries -- including wood products, railroads and the federal government -- have been roughly stable, with only metal mining experiencing significant increases, he said.

Montana's health care industry continues its long-term upward trend, Polzin said, but concerns about skyrocketing health care costs

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both in Montana and nationwide may slow future growth in that industry.

Longer-term forecasts show Montana's economic growth continuing to lag behind the rest of the country, Polzin said. Between 1990 and 1992, non-farm labor income in Montana will increase about 2.4 percent per year, compared to a national increase of about 2.8 percent per year, he said.

Montana personal income, one of the major determinants of retail sales, will increase about 1.4 percent per year between 1990 and 1992, Polzin said, noting that the increase will be significantly smaller than the 2.2 percent annual increase projected for the nation.

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